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C O N F I D E N T I A L SECTION 01 OF 03 HONG KONG 002650

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DEPT FOR EAP GDAVIES AND ISN/NC FRECORD
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DHS FOR DEPUTY SECRETARY JACKSON
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TAGS: [PTER](#) [PREL](#) [PGOV](#) [ECON](#) [EWWT](#) [HK](#) [CH](#)
SUBJECT: PORT SECURITY: STRENGTHENING THE FIRST LINE OF
DEFENSE IN HONG KONG

REF: A. A) HONG KONG 588
[1](#)B. B) HONG KONG 1467
[1](#)C. C) HONG KONG 1470
[1](#)D. D) HONG KONG 1468
[1](#)E. E) HONG KONG 2373

Classified By: Consul General James B. Cunningham. Reasons: 1.4 (b,d).

Summary

[1](#)1. (C) We have the opportunity in Hong Kong to establish the world standard the U.S. seeks for port and container security. U.S. views will have decisive impact on Hong Kong,s future direction, and on the region as well. The May 28-29 visit of DOE Assistant Deputy Administrator Huizenga's interagency team (Ref E) built on Secretary Chertoff,s visit (reftels B, C and D). In the course of his discussions on Megaports and radiation screening, Huizenga confirmed that the U.S. in principle wants a container screening architecture that combines private sector-provided imaging and radiation detection. If that is the U.S. intention, we should move now to take the discussion to the next level. If we can flesh out this vision, and elaborate a concept of operations, even as technical refinements are being developed and tested, we can address the concerns of Hong Kong partners in government and industry who are disposed to work with us to make this architecture a functioning reality. In sum, if we want to use Hong Kong to set the world standard for cargo inspection, the U.S. needs a coordinated and clear message of what we intend, and how the parts fit together. With that message, we can engage the HKG and the terminal operators to bring them on board. End summary.

[1](#)2. (C) The container screening architecture established in Hong Kong should have global repercussions, given the importance of Hong Kong for shipping to the U.S. (and Europe) and the global footprint of Hong Kong's port terminal

operators. Their facilities handle at some point 37 percent of worldwide cargo. In 2005, Hong Kong's port shipped more cargo to the U.S. than any other port in the world. Hong Kong-headquartered Hutchison's facilities around the world alone handle 45 percent of all U.S. cargo at some point before entry into the U.S. Since the Hong Kong port security architecture will likely become the standard for mainland ports as well, at least in Southern China, its impact on shipping to the U.S. will be further magnified. We understand that Hong Kong is the only port that is testing anything like the private-industry Integrated Container Inspection System (ICIS), which combines radiological and x-ray scanning, cargo tagging, and maintenance of electronic files on every screened container. Li Ka-Shing made clear in his meeting with Secretary Chertoff (Ref C) that Hutchison is firmly behind the ICIS concept, if that's how the U.S. decides to go.

13. (C) Following the Huizenga visit, the Hong Kong Government (HKG) wants more information about the details of the U.S. model before we nail down something with private industry. That is, the HKG does not want to be presented with a fait accompli, since implementation will undoubtedly have resource and other implications. However, this desire for consultation in advance of a final decision should not be mistaken for a lack of interest, or for opposition.

14. (C) The HKG wants both to enhance security and to maintain the leading role of its port as long as possible, in the face of intense competition from mainland facilities in Shenzhen and Shanghai. The Government is concerned that container security measures not obstruct port operations, create

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competitive disadvantages, or create a large additional workload for Hong Kong Customs. They want more clarity on Hong Kong and U.S. responsibilities under a new CSI/ICIS/Megaports architecture. They would hope to see a commercial advantage for the ports whose terminal operators participate in U.S.-mandated screening, but the key thing is that they not be disadvantaged. Chief Executive Donald Tsang stressed to me the need not to disrupt in-stream transfers from ship to ship, e.g., by requiring all containers to touch land (in fact, we are told that almost no containers get loaded onto a U.S.-bound vessel without going through the terminal portal on land.) The Government, the terminal operators and the shippers all hope that containers that pass through robust radiological screening and imaging could be "green laned" when they reach the U.S.

15. (C) For their part, terminal operators in Hong Kong and the region have made clear, including in a May 30 letter to Secretary Chertoff, that they are willing to cooperate but

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are still looking for a firm signal from the U.S. on the concept it intends to pursue, and on U.S. commitment. The Huizenga team meeting with regional terminal operators made the point that the operators will not use security as a competitive factor, and that they all want to use the same standard. Terminal operators here are confident that virtually 100 percent x-ray scanning and radiation screening of traffic bound for the U.S. (as well as other traffic entering their terminals) is possible. They too need reassurance about what will be done with the information obtained at their expense. The operators would like to enhance the security of the global maritime transportation system, not just traffic going to the U.S. This raises an issue with Hong Kong Customs, which is concerned about the personnel needed to inspect alarms generated by traffic not destined for the U.S. as well as U.S.-bound containers. This is an issue for both Megaports screening and ICIS-type imaging and screening.

16. (C) The terminal operators, in their May 30 letter, asked for "confirmation from the USG that our integrated scanning

approach is a proper next step and that the screening data will be used by government to increase container security. If the approach to integrate radiation detection with cargo imaging adds value to the targeting process, we need the U.S. government to give us an acknowledgement on that point and we will commit to deploying the technology on a port-wide basis." They urge working together "to develop mutually agreed operating procedures and protocols." That is, the operators already support the imaging concept, and are also willing to integrate radiological screening into the overall system here -- if that is what the U.S. proposes, and if the U.S. commits to developing the operational details and protocols with the operators and the Hong Kong government.

¶7. (C) The Hong Kong Government is looking to us for guidance as to how we see this effort moving forward globally. We must tell them what we believe is required, tell them we are moving ahead, and bring the operators on board to stimulate HKG approval. Hong Kong is already lagging progress on Megaports elsewhere. It can jump ahead of the pack with an integrated Megaports/ICIS type operation linked to CSI.

¶8. (C) We recommend we be given points for presentation to the HK Government, which could be used as a basis as well for responding to the HK Container Terminal Operators May 30 letter.

¶9. (C) The message should urge support for an integrated cargo screening architecture that combines CSI, radiological monitoring and private industry x-ray scanning, with the

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resulting images sent to the U.S. CSI team. We need to clarify the operational concept for use of the data with Hong Kong customs, the relationship of Megaports DOE-provided monitors to the architecture, and the impact of screening of non-U.S. bound traffic. We should assure the HKG that the general concept has strong support throughout the USG, including in the Congress, and that all the agencies involved are working together to solve integration and implementation issues. The points should address the HKG's concerns about resource implications of such a system, including the role of spectroscopic monitors in evaluating alarms. They should present our preliminary thoughts on how the data will be analyzed and shared with the HKG, i.e., if it will be done by an augmented CSI team or by U.S.-based analysts.

¶10. (C) The Huizenga visit clarified that there are technical problems with radiation screening (whether done by ICIS or Megaports monitors), but similar problems have been resolved elsewhere in Asia. We understand a technical team is headed here in late June to explore the solution to the background radiation problem and the establishment of a data link to CSI. We should assume that the technical problems with radiation monitors will be resolved here, as they have been elsewhere. Doing so here over the next 3-4 months should not delay elaboration of the conceptual framework and discussion of it with Hong Kong authorities.

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